

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

AGRACE HOSPICECARE, INCORPORATED
f/k/a HOSPICECARE, INC.,

Plaintiff,

v.

SAINT JUDE HOSPICE-WISCONSIN, LLC
d/b/a SAINT JUDGE HOSPICE AND SAINT
JUDE WISCONSIN,

Defendant.

OPINION AND ORDER

11-cv-537-bbc

Plaintiff Agrace Hospicecare, Incorporated has moved for voluntary dismissal with prejudice of its trademark case against defendant Saint Jude Hospice-Wisconsin, LLC. Defendant does not object to the voluntary dismissal but asks for an award of fees and a declaration that defendant's cross tree logo mark does not infringe plaintiff's tree logo mark.

Defendant concedes that fee awards are generally made only when the plaintiff seeks to dismiss its case *without* prejudice and the defendant faces the prospect of being sued again on the same issues, but it asks the court to find this an exceptional case under the Lanham Act, 15 U.S.C. § 1117(a), entitling defendant to an award of attorney fees. In addition,

defendant asks for an award of attorney fees owed it by plaintiff under the magistrate judge's decision that defendant is entitled to cost shifting for having to file a motion to compel discovery. Finally, defendant asks that as a condition of dismissal, the court declare that its use of its cross tree logo mark "has not and will not infringe Plaintiff's tree logo mark." Dft.'s Br., dkt. #57, at 10.

Plaintiff's motion for voluntary dismissal will be granted, as will defendant's motion for fees incurred in connection with the motion to compel discovery. Defendant's request for declaratory relief will be denied as unnecessary. Defendant's motion for a finding that this is an exceptional case that warrants an award of attorney fees will be denied.

BACKGROUND

Plaintiff filed this action on July 28, 2011. One day later, it filed a motion for preliminary injunction, asking the court to enjoin defendant from using its cross tree logo to identify itself. Plaintiff did not serve defendant until August 11, 2011. Defendant promptly moved for an extension of the briefing schedule on the motion for preliminary injunction; its motion was granted. Defendant filed a timely answer, together with a counterclaim, seeking declaratory relief on numerous grounds, including its contention that plaintiff's mark was weak, common and diluted for the kinds of services it provided and that plaintiff had no right to use its mark outside its service area before May 24, 2011, when it

obtained a federal registration for the mark.

OPINION

1. Exceptional case finding

As a general rule, fees are not awarded when a case is dismissed voluntarily with prejudice because the “with prejudice” dismissal protects the defendant from any further litigation on the subjects of the closed case. Defendant has not cited any case in which such an award was made. However, it argues that fees can be imposed under the Lanham Act, if the court finds that the case is an exceptional one. 15 U.S.C. § 1117(a).

The term “exceptional case” is not self-defining. In Nightingale Home Healthcare, Inc. v. Anodnye Therapy, LLC, 626 F.3d 958, 960-61 (7th Cir. 2010), the Court of Appeals for the Seventh Circuit surveyed the “surprising lack of agreement among the federal courts of appeals about the meaning of the term.” It concluded that it incorporates the concept of abuse of process when the plaintiff is the aggressor, that is “the use of the litigation process for an improper purpose, whether or not the claim is colorable.” Id. at 963. Such an improper purpose might be an effort to “compel the victim to yield on some matter not involved in the suit.” Id. (quoting 2 Dan B. Dobbs, The Law of Torts § 438 (2001)). When the defendant’s conduct is at issue, the question whether the defendant has a legitimate defense or is simply “mounting a costly defense,” not to obtain a favorable judgment but to

burden the plaintiff with costs likely to drive it out of the market. Id.

Defendant has not shown an abuse of process by plaintiff. The purpose of plaintiff's suit and the gist of its suit were the same: to compel defendant to yield on its use of an arguably similar logo. Plaintiff may have been in error about the legal and factual merits of such a suit but its error was not so patent as to support a finding of abuse of process.

Defendant argues that an "oppressive" lawsuit can be the ground for a finding that a case is exceptional under § 1117(a), citing TE-TA-MA Truth Foundation-Family of URI, Inc. v. World Church of the Creator, 392 F.3d 248, 258 (7th Cir. 2004); S Industries Inc. v. Centra 2000, Inc., 249 F.3d 625, 627 (7th Cir. 2001), but these cases were all decided before Nightingale and are not as helpful as the holding in that case. In any event, I would not find that plaintiff's particular actions or omissions were egregious or oppressive even if this circuit treated those terms as synonymous with "abuse of process." Plaintiff's conduct fell far short of the egregious acts described in TE-TA-MA Truth Foundation, 392 F.3d at 263-64, and S Industries, 249 F.3d at 626.

The proper remedy for most of the delays that concern defendant is found in the Federal Rules of Civil Procedure, not under § 1117(a). For example, defendant complains about the delay in service, yet that problem was remedied by the court when it gave defendant an extension of time in which to respond to the motion for preliminary injunction. Similarly, when defendant used the civil rules to compel discovery materials

from plaintiff, the court granted its motion and found that it was entitled to attorney fees incurred in filing the motion.

Plaintiff's delays deserve no plaudits but they do not show that plaintiff was using the litigation process solely, or even mostly, to harass or intimidate defendant, which is what defendant must show to support a finding that the case is exceptional. Defendant argued in its brief, dkt. #57, at 9, that plaintiff's "motive for filing its complaint was not the alleged similarity of the respective marks thus causing confusion or damages, but Plaintiff's desire not to have competition in the market. This is supported by Defendant's email dated August 4, 2010, which references 'tactics' Plaintiff would explore to use against Defendant." (citing email from Dan Chin, plaintiff's vice-president of public affairs, dkt. #58-5). Defendant reads the email as showing that plaintiff's goal was to eliminate competition; plaintiff reads it as discussing its efforts to differentiate itself from defendant and other competition in marketing. By itself, the email does not prove defendant's point and it has no additional evidence on the subject. I am not persuaded that plaintiff's suit constitutes abuse of process.

2. Fees for motion to compel

In response to the magistrate judge's grant of defendant's request for fee shifting under Fed. R. Civ. P. 37(a)(5)(A), defendant filed a fee request in the amount of \$4497.50,

for 19 hours of work performed for defendant by four different lawyers. Although plaintiff complains that the time expended is out of proportion for the simplicity of the matter, I am not persuaded that plaintiff is correct. Defendant's counsel has explained that they made numerous requests and demands for discovery and that plaintiff failed repeatedly to respond to the requests, that they set aside time to meet and confer with plaintiff's counsel on their requests and that they spent time conferring on the need to seek help from the court to obtain the discovery they were seeking. Nineteen hours does not seem improper for these tasks.

Defendant has shown that the hourly rates shown are appropriate and in line for legal fees charged in the Madison community for work of the kind done by defendant's counsel. Accordingly, defendant will be awarded fees on its motion to compel in the total amount of \$4497.50.

3. Declaratory relief

Defendant asks the court to declare as a condition of granting plaintiff's motion for voluntary dismissal that defendant's SAINT JUDE HOSPICE cross tree logo mark has not infringed plaintiff's tree logo mark and never will. The request will be denied as unnecessary. The dismissal of this case with prejudice means that plaintiff can never sue defendant for trademark infringement on defendant's present mark. That is sufficient protection for

defendant.

ORDER

IT IS ORDERED that the motion for voluntary dismissal of this case filed by plaintiff Agrace Hospicecare, Incorporated, dkt. #52, is GRANTED. Defendant Saint Jude Hospice-Wisconsin, LLC.'s motion for attorney fees, dkt. #57, on a finding that this case is an exceptional one under 15 U.S.C. § 1117(a) is DENIED. Defendant's motion for an award of fees on its motion to compel, #45, is GRANTED; plaintiff is to pay defendant the sum of \$4497.50 for the fees defendant incurred in bringing its motion to compel. FURTHER, IT IS ORDERED that defendant's motion for a judicial declaration that its SAINT JUDE HOSPICE with cross tree logo mark does not infringe plaintiff's tree logo mark and never will is DENIED as unnecessary. The clerk of court is to enter judgment accordingly and close this case.

Entered this 29th day of February, 2012.

BY THE COURT:

/s/

BARBARA B. CRABB

District Judge